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COMMUNICATIONS FOR POLICY CHANGE



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COMMUNICATIONS FOR POLICY CHANGE

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ABBREVIATIONS

ACIS	Associação de Comércio e Indústria de Sofala
BCI	Business Confidence Index
CASP	Annual Private Sector Conference
C4PC	Communication for Policy Change
CTA	Confederation of Mozambican Chambers of Commerce
DASP	Direcção de Apoio ao Sector Privado (Department for the Support to Private Sector)
DB	Doing Business (World Bank)
EMAN	Estratégia de Melhoria de Ambiente de Negócios (Strategy for the Improvement of the Business Environment)
EITI	Extractive Industries Transparency Initiative
GOM	Government of Mozambique
IAN	Índice de Ambiente de Negócios (BCI)
INSS	Instituto Nacional de Segurança Social (National Institute for Social Security)
IFC	International Finance Corporation
MIC	Ministério de Indústria e Comércio (Ministry of Industry and Commerce)
SPEED	Mozambique Support Program for Economic and Enterprise Development (SPEED)
NUIT	Numero Único de Identificação Tributária (Tax Identification Number)
SME	Small Medium Enterprise
SWF	Sovereign Wealth Fund
UTREL	Unidade Técnica de Reforma Legal (Technical Unit for Legal Reform)
USAID	United States Agency for International Development

EXECUTIVE SUMMARY

The Communication Strategy for Policy Change (C4PC) aims to provide a framework that will influence decision makers to take actions towards quicker policy-reform implementation. C4PC should guide overall stakeholder engagement to advocate and motivate implementation of on-going reforms towards an improving business environment. The strategy provides a framework for engaging different stakeholders to address perceived risks associated with on-going and proposed reforms and thus push for accelerated reform adoption and implementation. The strategy focuses on Mozambique Support Program for Economic and Enterprise Development (SPEED)'s supported areas of intervention, namely: business environment, resource boom and agriculture, as they move from reform proposal to its implementation. Communication messages proposed range from policy advocacy to reform adoption.

The communications messages are largely drawn from studies made by SPEED, on demand from its clients. Messages are underpinned by the recognition that Mozambique's business environment is among the worst in the world and deteriorating and that its recovery and improvement is critical for overall economic and social development, and in particular for expansion and improvement of Small Medium Enterprises (SMEs) and employment creation. A series of suggestions for improvements to Mozambique's business environment have been made by business associations, donors and government agencies but the process of adoption of these proposed reforms is slow

The report highlights stakeholders' perceptions on challenges, opportunities and reforms related to the business environment, in general and specifically for the agriculture and resource boom (natural resource) sectors. It proposes a communication frame, including communication messages, to promote awareness and actions required to move forward an on-going reform agenda.

Mozambique's business enabling environment is weak. The poor business environment affects mostly small and medium sized enterprises: SMEs are desperately needed to partially absorb the 360,000 people entering the labour market on a yearly basis. Only about 15,000 new jobs created.

The report highlights how the implementation of 'quick wins' can improve business environments in the country and raise Mozambique's ranking in the Doing Business Index. These could include:

- **Starting a Business:** Create e-systems, Integrate platforms and procedures to obtain registration numbers and licenses for companies (*Número Unico de Identificação Tributária* (NUIT), company registration, operating license) and individuals (NUIT, INSS¹, work permits).

¹¹ National Social Security Institute

- **Registering Property:** Create electronic property registers, integrate registration systems at municipality level and central cadastre, and integrate payments and taxes in same systems.
- **Getting Credit:** Pass and implement the Credit Information Bureaux. The instrument has been drafted and is awaiting formal approval by the Government of Moçambique (GoM).
- **Paying Taxes:** Introduce e-tax systems and synchronize systems to pay various taxes.
- **Trading Across borders:** Streamline ‘Janela Unica’ for import and export. Improve functioning of the ports. Simplify pre-shipment inspections.
- **Resolving insolvency:** Insolvency Law and regulations recently approved. Speed implementation required.
- **Dealing with construction permits:** Already significant achievements realized (reduction # of days, permits, supported by SPEED). Monitorization of implementation of new framework is now required.

Agriculture competitiveness has not improved for years, productivity is low and market access is weak. Effective support to agriculture is weak. Taxes impact negatively on agriculture trade and smallholder welfare. Diversity and information asymmetry on tax regimes applied to the agriculture sector hampers small holder farmers’ production and trade. C4PC focus communication strategy to address the biasness against non-tax registered smallholder farmers; through supporting implementation of a simple and quick-win reform which would open up millions of dollars in sales of agricultural marketed produce.

Resource boom. Mozambique holds exceptional quantities of recently discovered natural resources. How this is handled today will define Mozambique’s economy in the next 50 years. Natural resources do not automatically translate into national wealth. Challenges associated with management of expected huge revenue influx (fiscal and absorptive capacity), minimize negative impact on competitiveness (sector and linkages) including improving business environment are critical and understanding them to act is of paramount importance. The C4PC proposes to minimize the resource boom risks, to simplify and improve the business environment, which will support the diversified economy (agriculture & tourism) and development of SMEs linkages with extractive industries. Capacity is of chief importance.

Selected communication messages for each focus area are indicated below:

Focus Area	Key Messages
Business Environment	Business environment matters Reform business environment is complex and requires leadership from highest level Business environment (Doing Business) affects SMEs day-to-day business You must voice your concerns to be heard and to affect change

Agriculture	<p>Accelerate approval of buyer-receipts and raises farmers income and welfare</p> <p>Facilitate trade; issue buyer-receipt to non-tax registered farmers</p> <p>Do not discriminate unregistered farmers. Buy from them and issue a buyer-receipt</p>
Resource Boom	<p>There are real dangers of NOT UNDERSTANDING and NOT ACTING. Understand the relationships and dangers of failing to understand/act:</p> <ul style="list-style-type: none"> - Importance diversification of the economy - Dangers of reliance on natural resources only - Importance specifically now for institutional strengthening - Relationships between diversification of economy on job creation, poverty, unrests (riots!) criminality <p>Corruption is real. Leadership from highest level required to stop. Zero tolerance policy. Corruption is big in Mozambique and current resource boom makes situation more vulnerable. It destroys the economy and stimulates poverty.</p>

Finally, the report proposes some recommendations to improve communication for policy change which include: increased efforts on working with media/press; identify ‘champions of change’; localize research and bring as many relevant voices in communication, increasing awareness and understanding in Government essential for both policy advocacy and reform adoption phases.

1: INTRODUCTION AND REFORM PROCESS

Reform strategies and priorities supported by SPEED, *Confederação das Associações Económicas de Moçambique*² (CTA), Ministério de Indústria e Comércio / Departamento de Apoio ao Sector Privado (MIC/DASP) and other programs support similar objectives aiming to improve the business environment. All target an increase in overall competitiveness of Mozambique for trade and investment, an improvement of Mozambique's overall business environment specifically as measured by Doing Business, increased competitiveness in the agriculture sector and a balanced development of the natural resource sector calling for a transparent and sound revenue management, competitiveness and linkages with the local economy.

It is widely recognized that reforms are very much needed in Mozambique and various strategies and institutional structures are in place to work on the reform agenda. However, adoption and implementation of reforms has been slow and few real improvements have been realized so far.

Reform communications have been ad-hoc. Government has backed up implementation of some significant reforms (such as e.g. the Janela Unica and the Lojas de Negócios and the implementation of the 'Simplified Licenses') with communication campaigns predominantly target at the 'users' of the 'reformed' services. The reform process (eg reforms that are being proposed and/or are at various stages of development) have not consistently been backed up by a cohesive communication strategy that looks at who to engage to achieve reform objectives, communicate the purpose of the reform and systematically approach critical actors with a stake on policy reforms.

A more strategic approach is required around communications, specifically **to increase understanding among key decision makers of the need for reforms, to build understanding of paths to reform** (solutions and processes), and **to increase pressure from various stakeholders on decision makers to advance with the reform process.**

It is against this background, SPEED has decided to draft an initial Communication Strategy for Policy Change (C4PC) that will support on-going reform initiatives. The C4PC is not a communications strategy for SPEED. The C4PC intends to support existing reform efforts/strategies, as elaborated by CTA and MIC and supported by SPEED, with a focused communication component. It will focus on three priority areas of intervention: 1. Business Environment, 2. Macro-Resource Boom and 3. Agriculture.

This report is organized in five sections and an Executive Summary highlighting the importance of communication supporting adoption and implementation of reforms, proposed and on-going reforms requiring communication focus and selected messages. Section 1 introduces the reform focus placing on-going targeted reforms in their different stages of a communication process. A brief scan of available communication tools in Mozambique is presented. Sections 2, 3 and 4 chart the communication strategy and framework; and propose key messages supporting reforms

² Confederation of Business Associations of Mozambique

in business environment, agriculture and natural resource boom. Finally, in its section 5, the report recommends a set of communication initiatives to be used with potential to boost policy reform change and implementation in Mozambique.

1: REFORM FOCUS AND STAGES

In the business environment communications can be used as a mechanism to build visibility and create a sense of urgency for reforms³. Reform processes typically consist of two phases, the ‘Policy Advocacy’ and the ‘Reform Adoption’ stages:

- **‘Policy Advocacy Stage’:** in early stages communications can help generate buy-in for reform, building awareness and understanding in both the public and private sector.
- **‘Reform Adoption Stage’:** post acceptance, reform communications can be used as a tool to accelerate implementation of reforms – helping those affected to understand new processes and procedures.

Strategic communications supports both the ‘Policy Advocacy’ and the ‘Reform Adoption’ stages of the reform process. It is important that communications are built in the process and are not considered an ‘add-on’ once reforms are designed and ready to go for approvals. The lack of structure, strategy and analytical rigor to stakeholder engagement and communications common to many programs and reform processes expose reform efforts to a high degree of risk, specifically as relating to the non-technical or ‘people’ side of reforms. As a result, well designed and well-intentioned reforms can be derailed by lack of political will, unforeseen opposition and/or lack of ownership and willingness to ‘push’ reform through the system.

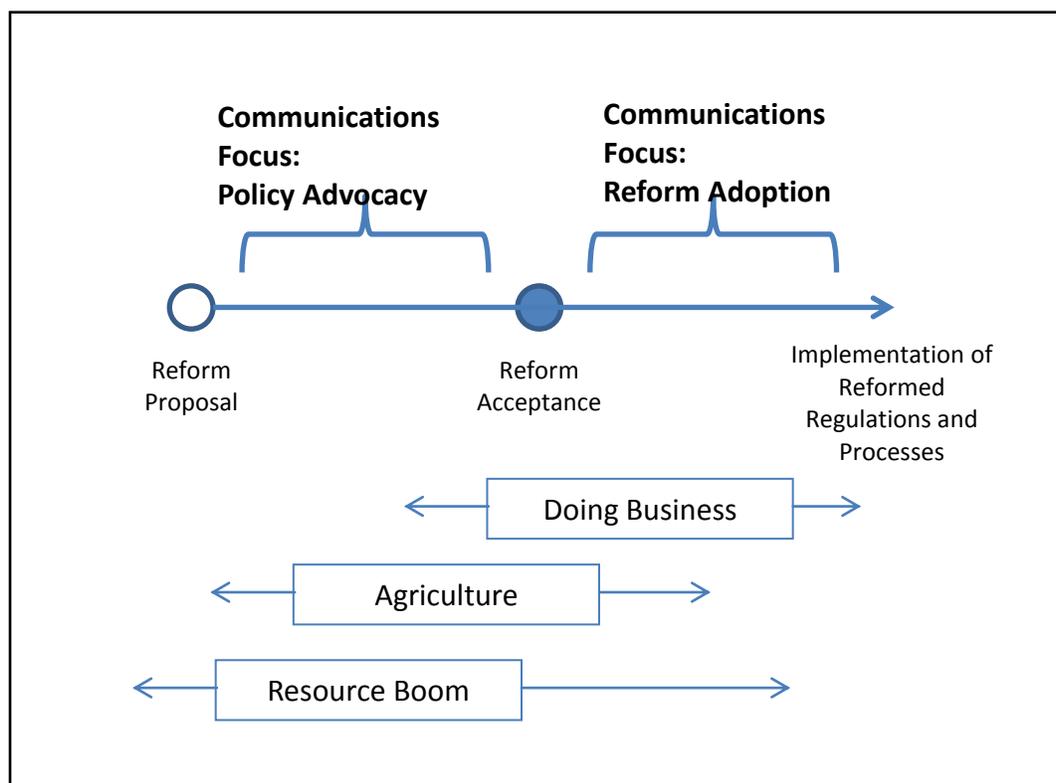
Strategic communications in reform processes can help successful adoption of reforms in the following ways:

- **Mitigate risks** – Reform is easily derailed, either through opposition or simply through lack of focus or interest. Strategic communications identify risks early on and develops approaches to mitigate minimize those risks early on.
- **Accelerate reform adoption** – Successful reform requires support from a broad range of stakeholders. By engaging these stakeholders, strategic communications can increase understanding, creating a ‘sense of ownership’ that creates broader support for the reform and might accelerate pace of reform.
- **Achieve sustainable reform** – Just passing laws does not necessarily mean that new processes and policies are adhered to. Broad stakeholder awareness and acceptance of proposed reforms, will positively impact on reform implementation post-approval.

³ Strategic Communications for Business Environment Reforms – A Guide to Stakeholder Engagemtn and Reform Promotion. IFC, October 2004.

Initial focus of the C4PC initiative will be on the i) Business Environment, ii) Agriculture and iii) 'Resource Boom' or Extractive Industries. The 'reform process' is at various stages for these three sectors. Roughly these sectors can be placed as follows in the 'reform process':

FIGURE 1 – PLACEMENT OF FOCUS AREAS IN REFORM COMMUNICATION PROCESS



Source: adapted from ‘Strategic Communications for Business Environment Reforms’. IFC, 2004. Page xvii, Executive Summary.

COMMUNICATIONS ‘SCAN’ IN MOZAMBIQUE

As part of this exercise a brief media review took place. This included observation of newspapers, websites, TV stations and discussions with people familiar with national media as well as review of reports on Mozambique media. See report InfoAsAid (issued July 2012) for detailed Media and Telecoms Landscape Guide on Mozambique (download at http://www.infoasaid.org/sites/infoasaid.org/files/mozambique_media_guide_-_final__050712_3.pdf). This report profiles in detail all media available in Mozambique including TV, newspapers, radio and media groups.

Print media rule: Target audience diligently read print media (specifically Noticias, O Pais and to a lesser extent also Savana and Zambeze). Most decision makers read multiple journals. Online media are used as ‘print’ media and mainly online versions of the conventional newspapers are used. Blogs and online discussion podia are seldomly used yet for business purposes in Mozambique.

Local TV is very important for target market: Local TV, mainly TVM (state TV) and STV (Soico) are watched on a daily basis by most of the target audience.

Radio less important for target market: Less used by target audience than print and TV. Can however be an effective medium to create awareness of reforms, specifically when audience also includes informal market (e.g. efforts to formalize informal traders) also for efforts where rural farmers need to be engaged this media should be analyzed.

‘New media’ not integrated yet in business/economics communications: Few on-line interactive media exists at present. A few of the main newspapers (e.g. o Pais) have ‘blog’ spaces, but these are at present not used for discussions on economic/reform topics and tend to have more of a social function.

Economic Journalism is maturing in Mozambique: Economic reporting is improving and most media groups have dedicated economic journalists on board. Many have university degrees in economics or journalism and have undergone specific media training.

2: C4PC FOR BUSINESS ENVIRONMENT

‘Mozambique’s business environment is among worst in the world. Government recognizes change is needed but pace of reform is slow and actual performance has stagnated.’

OVERVIEW

Mozambique’s business enabling environment is weak. Mozambique ranks at the bottom end of all major international rankings such as World Bank’s Doing Business (at #146 out of 185), Global Competiveness Index (at #138 out of 144) and Transparency International Corruption Index (at #123 out of 174), with its position further falling over recent years in all. These results are even worse against the significant efforts the GoM has put in recently to improve the Business Environment. Over 80% of targets of the 2008-2012 EMAN (National Business Environment Reform Strategy) were realized, but unfortunately this has so far not translated in measurable improvements. National research (KPMG Business Confidence Index) further confirms that Mozambique’s Business Environment is stagnating. Over the last three years perceptions have been flat with i) Corruption, ii) Crime Rates, iii) HIV/AIDS, Malaria and other diseases and iv) Organized Crime seen as the most negative factors.

The poor business environment affects mostly small and medium sized enterprises. Large foreign investment projects often can negotiate direct with government and receive ‘special treatment’, hence their exposure to the ‘bad’ business environment is limited. At the same time, the small and medium sized enterprises create the bulk of the jobs in Mozambique. At present Mozambique has about 370,000 young people entering the labour market on a yearly basis, while only about 15-18,000 new jobs are created⁴. Thus new jobs and thus a healthy SME sector is desperately needed.

International and national researches and indexes alike have identified the following factors as the greatest obstacles to a thriving SME sector in Mozambique:

1. Criminality
2. High taxes and bureaucratic processes to pay taxes and claim VAT returns
3. Corruption
4. Access to credit
5. Bureaucracy across the board (registering/starting a business and doing business)

There is a direct relationship between a poor business environment, poverty and side effects such as crime. Criminality as a ‘business environment factor’ is an interesting factor that should be closely watched by politicians. Criminality is often associated with large numbers of unemployed people in urban areas. Not always a direct relationship between a ‘bad’ business

⁴ Extractive Industries in Mozambique. Concept Note, Antonio Franco, Chief Economist, SPEED

environment and overall social stability (riots!) is seen. But efficient administration means more SMEs and more jobs, more tax payers, thus more government income creating even stronger institutions. Effective business environment reforms that reduce bureaucratic processes, simplify the tax regime thus broadening the tax-base, address the issue of corruption and enhance crime-control and overall safety.

Mozambique's performance in Doing Business has been thoroughly analyzed and a series of well defined 'quick wins' have been identified. Existing Reform Strategies emphasis 'Doing Business' as an instrument to measure current performance/status of Mozambique's Business Environment and as a tool to structure improvements. MIC and CTA, supplemented by SPEED and other donors, have thoroughly analyzed current performance in the various indicators of Doing Business. A series of relatively quick and fast 'wins' have been identified that should move Mozambique up in the ranking in a relatively short timeframe. Improvements are proposed in the following areas:

- **Starting a Business:** Operationalize online platform for business registration services. Integrate platforms and procedures to obtain critical registration numbers and licenses for companies (NUIT, company registration, operating license) and individuals (NUIT, INSS, work permits).
- **Registering Property:** Create/Operationalize electronic property registers, integrate property registration systems at municipality level and central cadastre, integrate payments and taxes related to property in same systems.
- **Getting Credit:** Performance will significantly increase if Insolvency Law and regulations for Credit Information Bureau will be passed and implemented. Both instruments have been drafted and are awaiting formal approval by GoM.
- **Paying Taxes:** Introduce e-tax systems and synchronize payments/systems to pay various taxes.
- **Trading Across borders:** Operationalize 'Janela Unica' for import and export. Improve functioning of the ports. Reduce and/or simplify the positive list of items subject to pre-shipment inspections and study ways of introducing inspection based on risk. Streamline/eliminate the scanning process.
- **Resolving insolvency:** Law and regulations have been passed. New law should be implemented⁵.
- **Dealing with construction permits:** Already significant achievements realized (reduction # of days, permits, supported by SPEED). Monitorization of implementation of new framework is now required.

Consensus was reached among stakeholders (SPEED December 2012 retreat) to target the 100th position in World Bank's Doing Business by 2015. Interventions have already been identified and preparations are underway. Jointly these are expected to significantly improve

⁵ At publication of this report the Insolvency Law was approved by Council of Ministers (May 2013)

the business environment as well as the image of Mozambique as a business destination and morale of individuals in public and private sector.

COMMUNICATION FRAMEWORK

STAKEHOLDER ANALYSIS

Review of literature and feedback from interviews indicate the following perceptions/opinions around Business Environment/Doing Business:

Stakeholder:	Perceptions:
Government Central	<ul style="list-style-type: none"> - International indexes, specifically Doing Business, paint a negative image of Mozambique. - Methodology critiqued for not measuring the right things - DB perceived as a ‘foreign/alien’ instrument that lacks understanding of nuances in Mozambique’s Business Environment and hence does not properly reflect actual status. - GoM perceives that there is not enough recognition of the many efforts it actually puts in the improvement of the BE. Some of these efforts are not measured by DB (are they related to an indicator?) or the DB has not picked up (yet) the improvements. - Failure (or denial?) to understand the relationship between poverty and related factors such as crime, poor health etc. and poor business environment
Government Provincial/Local	<ul style="list-style-type: none"> - Internal communication in Government seems to remain poor. Many SMEs/experts cite that often approved reforms/new procedures do not ‘reach’ provincial governments and they remain unaware of changed procedures. Also common complains about contradictory/conflicting information provided by different ministries/provinces on the same topics.
SMEs	<ul style="list-style-type: none"> - Do not necessarily consider Doing Business as relevant for them. Most know Mozambique does not do very well in DB, but many do not understand the underlying indicators nor the impact that these have on their daily business. - Area of greatest concern for SMEs is access to finance. Most would cite this as the biggest concern for SMEs. - Most SMEs do believe they spend an unnecessary amount of time/resources on admin (filing taxes, requesting licenses etc.) and would like to see a reduction in these. - Most SMEs are increasingly aware of the fact that Government should deliver a service to them for Business Administration and that this service is not always very effective (long waiting times, unclear/contradictory information provided)
Large	<ul style="list-style-type: none"> - Do use Doing Business and a low ranking definitely impacts on

Corporates/investors	<p>investment decision.</p> <ul style="list-style-type: none"> - Investment decisions in agribusiness/trade/generic manufacturing/commerce sectors are more impacted by poor BD ranking than e.g. the natural resources sector that is obviously largely 'resource' driven
Business Associations	<ul style="list-style-type: none"> - A bit 'in the middle' on opinion how localized/applied e.g. DB is for Mozambique. Recognition that Mozambique scores poor and BE needs significant reforms, but also some question marks on if methodologies specifically re information collected. E.g. an often heard critique on Doing Business is that nobody from the DB Team ever comes to talk to Mozambican businesses and many questions where the information comes from.
Academics/Consultants	<ul style="list-style-type: none"> • Too many consultants/analysts/experts on DB come from abroad/international perspective. Not enough analysis/localization done by local economists/academics to put it in the right context and perhaps add some of the missing nuance and at least localized explanations. • Efforts of localized research (e.g. KPMG's Business Confidence Index) are valued by GoM (eg invitation to KPMG to present IAN at last CASP), however, they do not manage to raise funding from donors to support their research and they might have to discontinue the IAN for lack of funding
Civil society	<ul style="list-style-type: none"> • Little understanding of relationships broad development challenges Mozambique is facing and business environment (such as relationship between lack of jobs/poverty/crime rates) • Little understanding that improvement of basic services such as education and health contributes on stronger HR capacities, thus stronger institutional capacities, stronger societies and stronger SMEs thus impacting on not only better business environment but overall social economic development.

KEY COMMUNICATION OBJECTIVES

Existing strategies and expert opinions combined with findings from above stakeholder analysis point out the following key objectives for a reform communication strategy:

Key audience	Communication Objectives:
Government Central	<ul style="list-style-type: none"> - Educate about relevance of Doing Business. It does measure actual performance of Mozambique, the indicators are relevant, not only for 'international analysts' but also for local SMEs and it does effect image of Mozambique as destination for trade and investment. - Advocate that 'Business Environment' is perhaps not best placed in the Ministry of Industry and Commerce, as many required reforms have impacts/depend on other ministries such as finance and planning and require very strong leadership at the highest

Key audience	Communication Objectives:
	government level
Government Provincial/Local	<ul style="list-style-type: none"> - Increase understanding of reforms/new procedures. Often new procedures are not properly rolled-out. GoM must focus much more on internal communications of new and improved procedures. This is also an area donors might increasingly look into for support. - Build culture of 'service provision': Various Government agencies at national and local level must understand that they also have a role to play and a responsibility towards Mozambican businesses to effectively implement policy and deliver a service.
SMEs	<ul style="list-style-type: none"> - Educate what Doing Business is and how it affects SMEs, a low ranking and 'poor' Business Environment effects day-to-day functioning of SMEs. - Mobilize 'champions of change', individual SME's/key individuals to support key messages for reform (e.g. to advocate for the changes proposed for Doing Business indicators)
Academics/Consultants	<ul style="list-style-type: none"> - Motivate local research to 'localize' international indexes such as DB
Civil Society	<ul style="list-style-type: none"> - Educate about relationship poor business environment and poverty. Objective is broader understanding and greater pressure on GoM to reform.

KEY MESSAGES

Key message platform:

From:	To:	Key Messages:
'Reform Lobby'	Government	<p>Doing Business Matters</p> <p>Quick wins have been identified and are easy to implement</p> <p>Reform is complex and requires leadership from highest levels of Government</p> <p>Effective reform requires a service mentality (top-down)</p> <p>Effective reform requires solid mechanisms for dissemination (internal and external), training and M&E mechanisms (merely 'passing' of new legislations doesn't mean it is implemented!)</p>

From:	To:	Key Messages:
		Doing Business is only an instrument to measure the Business Environment, what really matters is improving the Business Environment
SMEs	Government	<p>We are affected by the poor Business Environment! We want GoM to simplify the Business Environment so we can do more business easier, create more jobs and contribute to Government tax income and more economic growth.</p> <p>'Doing Business' as an instrument not that important, what really matters are tangible improvements in the Business Environment (less time/money spent on admin procedures)</p>
		We do want GoM to enforce legislation/registration obligations so we are less affected by 'illegal' competition from informal market.
Government	SMEs, others	<p>Celebrate successes (reforms have happened, let the world know)</p> <p>GoM is there to support SMEs and is improving its tools and processes to do this better.</p> <p>GoM is passing reforms that do improve business environment specifically for Mozambican SMEs; making it easier for them to do more business.</p> <p>GoM understands need for SMEs to be better integrated in supply-chains of large corporates and to benefit from 'resource boom' and is playing its bit to ensure policy climate is adequate.</p>
'Reform Lobby'	SMEs	<p>Doing Business effects your day-to-day business</p> <p>You must voice your concerns to be heard and to affect change.</p>

MODEL

A graphical representation of key messages between the various target audiences:



Figure 1: message platform for doing business

A DETAILED ANALYSIS/RECOMMENDATIONS FOR THE INDICATOR: STARTING A BUSINESS

Message platform worked out for one of the priority indicators for improvement for Mozambique, Starting Business. Backed up by research commissioned by SPEED to Sal & Caldeira Advogados, LDA, ‘Streamlining Application Forms for Starting a Business in Mozambique’.⁶

<p>Starting a Business</p>	<p>The position of this Doing Business indicator in for Mozambique has been suffering a decline year after year. According to the Doing Business ranking 2013 (DB13), opening a business in Mozambique requires 9 procedures,</p>
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⁶ Consultoria Legal para a Elaboração de Formulários Únicos para Registo de Sociedades e Início de Actividades
Relatório Final, SAL & Caldeira Advogados, Lda., Março 2013.

	<p>takes 13 days and costs 19.7% of income per capita. Mozambique is in the 96th position in the ranking out of 185 economies on the ease of starting a business and launch activities. A Sal and Caldeira assessment of processes and procedures on how to streamline business registration proposes a reduction of number of days from nine to three!!</p>
What are the proposed reforms?	<p>Operationalize the integrated platform for services to citizens (Pre-acordo ICF+GdM(12.11.2012))</p> <p>Integrate administrative registers for registering a company+requisition NUIT+requisition license (Fundir registo de empresa+obtencao de NUIT+pedido de licenciamento)</p> <p>Integrate starting of business activity+ social security registration+declaration of work (Fundir inicio de actividade M01+INSS+Declaracao de trabalho)</p>
How will these affect Doing Business?	<p>Current ranking is #96, proposed changing, <i>Ceteris paribus</i>, will effect increase to in between #44 - #71. Proposed change will reduce # of procedures from 9 to 3 (-6) and number of required days from 13 to 7 (-6).</p>
Who are critical in passing the reform?	<p>Ministerio de Justica. Others: MIC, Ministério das Finanças (MOF), Ministério do Turismo (MITUR), Gabinete do Primeiro Ministro (PM)</p>
What is prohibiting reform?	<p>No direct opponents of reform can be identified</p> <p>Reform is slow and main constraints are lack of coordination between relevant ministries and human resource constraints.</p> <p>Lack of resources in the ministries. Very few people are charged with the processes, they have multiple responsibilities, not always enough time.</p> <p>Is there enough understanding on the why of the reform? Without that people charged might not understand the complexity, do not understand the urgency, do not feel their responsibility, do not understand their role in the process etc.</p> <p>Leadership from the top sometimes missing. People charged with reform process do not feel enough urge, probably as clear leadership and pressure is missing.</p> <p>Also some capacity/skills issues:</p> <ul style="list-style-type: none"> - do they have the technical skills to understand the impacts of the reforms? - attention to detail, do they think through the entire process and possible effects down the line

	<ul style="list-style-type: none"> - strategic thinking: impacts from different sectors, processes, ministries, impacts implementation - do they understand social impacts: resistance to change from provincial officials, opportunities for individual gain that might be taken away?
Who might oppose to reform	<p>Informal businesses, they do not want to be formalized. Might impose more pressure on them to register.</p> <p>Officials, as fewer opportunities will exist for individual gain (all integrated)</p>
Key messages for:	
'Reform lobby' to GoM	Integrating platforms for starting a business increases service provision to SMEs and will stimulate more SMEs to register (formalize), thus increasing the tax-paying SMEs and stimulating overall job creation and economic growth.
'Reform lobby' to SMEs	Integrated platform will be great timesaver for you and simplification will stimulate more informal businesses to register helping reducing 'informal' competition.
From GoM to SMEs	With proposed reforms, GoM improves service delivery to SMEs. Now it is quick and easy to register your company, obtain all licenses and registration numbers, all in one platform!
	To SMEs: GoM is making a real effort to reduce 'informal' competition. Our aim is to register all informal businesses by making it easy to them and educating them about requirements.
From GoM to SMEs Informal businesses	To informal businesses: now is the time to register, it is a requirement (operating without is illegal and you can be fined/merchandise confiscated/closed) and now it is quick and easy!

3: C4PC FOR AGRICULTURE

‘Agricultural competitiveness has not improved for decades, productivity is low and market access is weak. Taxes in agriculture revealed serious disincentives for buyers to source from smallholders, substantially reducing the value of marketed produce.’

OVERVIEW

Effective support to agriculture is weak. Despite government policy statements supporting the agriculture sector and the investments made in the sector, yields for major crops, produced by the predominant smallholder sector, have been declining over the last decade. Productivity remains low across the board⁷ and most growth recorded by the sector is explained by farmed land expansions rather than efficiency gains. Domestic markets remained severely underdeveloped, with food production surpluses in many rural districts failing to reach urban consumers at competitive prices. Furthermore, the well intended tax authority’s policy for universal registration (NUIT⁸) leaves out of market the majority of smallholders who are not tax registered; hence buyers are discouraged to source from smallholders.

Agriculture future growth requires action. Agricultural growth has been driven by expansion of land and labor factors. Poor rural infrastructure (roads and irrigation), disconnected and isolated markets and weak institutions are constraining agricultural growth and productivity. The rates of adoption of improved technologies use of fertilizer and other inputs remains very low, thus the major crop yields remain among the lowest in Africa. The overall policy environment is not conducive to agricultural investment and the general business environment requires improvement.

High costs of doing business also affect the agriculture industry. Doing business in Mozambique is costly and negatively impacts investments in the agriculture sector. Procedures and support to do business are still lengthy, time-consuming and with cumbersome bureaucracy. Improvements related to cutting down the cost to register a business, lessening the application of regulations, and facilitating access to land are among challenges affecting business in agriculture.

Taxes impact negatively on agriculture trade and smallholder welfare. There is concern that the Value Added Tax (VAT) and withholding taxes in Mozambique are adversely affecting the agricultural sector. SPEED commissioned research found that the requirement of “documented expenses” for income tax purposes and the “taxa liberatoria” are the two biggest tax issues adversely affecting the agricultural sector in Mozambique, constraining agriculture

⁷ Exceptions include production and yields for sugar, cashew nuts, tobacco and cotton which have been rising steadily – although calling them successes might be premature.

⁸ Número Único de Identificação Tributária

competitiveness, trade and smallholder farmers welfare. Serious disincentives for buyers to source from smallholders have been identified. Commercial buyers pay between 25% and 60+% in taxes and penalties when buying from Mozambican smallholders which are not tax registered. The majority of smallholder farmers do not have a NUIT. To widely reverse this situation it has been proposed to approve one simple interim reform: Buyer-issued receipt. This reform would prevent trade preference with farmers who can issue receipts, the majority of Mozambican farmers cannot! The current practice makes more attractive to import agriculture products in neighbouring countries (where receipt can be issued) than buy from local farmers; thus reducing market for smallholders and artificially lowering competitiveness of Mozambique agricultural produce.

Diversity and information asymmetry on tax regimes applied to the agriculture sector hampers small holder farmers’ production and trade. Agriculture in Mozambique is protected through exemption and zero-rating. However, the use of non-standard language creates confusion between what is exempt and what is zero-rated. It is of paramount importance to simplify and enforce standard language. Consider amendment of VAT law and clearly state which supplies are exempt and which are zero-rated.

The C4PC focus on elimination of biasness against non-tax registered smallholder farmers; augment agriculture trade and income through supporting implementation of simple and quick-win reforms which would open up millions of dollars in sales of agricultural marketed produce, continue supporting smallholders market integration and improving business in the rural areas:

- **Buyer-issued receipt:** Introduce buyer-issued receipts, which would allow buyers to account for agriculture produce purchased from smallholder farmers and obtain “documented expenses” for income tax purposes.
- **Eliminate the simplified VAT regime:** Replacing it with the current ISPC (Simplified Tax for Small Taxpayers).

COMMUNICATION FRAMEWORK

STAKEHOLDER ANALYSIS

Interviews with different stakeholders around these particular reforms and proposed solution indicated the following perceptions/opinions:

Stakeholder:	Perceptions:
Government Authorities	<ul style="list-style-type: none"> - There is an understanding about problems arising from tax issues affecting the agricultural sector, the need for “documented expenses” for income tax purposes, and the <i>taxa liberatória</i> (a 20% income withholding tax on unregistered taxpayers) - The review of VAT legislation already includes

	<p>formalizing the Buyer-issued receipt. The VAT review and amendment is in a fairly advanced stage and it is expected to be approved this year.</p> <ul style="list-style-type: none"> - Indeed the Buyer-issued receipt will facilitate trade and business in rural markets. This arrangement is being partially implemented by some rural traders. It needs universal scale up. - However, there is a strong need to monitor the application of the Buyer-issued receipt to minimize ‘wrong’ practices. - There is strong concern about how to further improve disclosure (make it public) of different reforms already approved.
Large Corporate/investors	<ul style="list-style-type: none"> - The requirement of documented expenses which limits buyers to purchase agriculture produce from unregistered farmers is well-known and it applies mainly to food-crops. Traders are applying ad-hoc solutions to minimize the impact of the problem. Formalizing buyer-issued receipt is a welcome initiative.
Farmers Associations	<ul style="list-style-type: none"> - There is a strong disconnect between the political “discourse” and the practice regarding support to smallholder agriculture. - Large companies are taking advantage of smallholder farmers; there is a strong need to support farmer’s organizations to raise their voice and increase smallholder farmers bargaining power. - It seems that there is no political will to address farmer’s constraints, although some legislation has been approved to support the agriculture sector, who indeed benefit from it? - Advocate for and enforcing “buyer-issued receipt” is not an optimal solution, but a step forward. However, farmers will continue having less bargaining power than the buyers. Some buyers will continue taking benefits from smallholder farmers ‘work’. - Sustainable and long-term solution would be advocating for campaigns to issue “NUITs” to farmers. This could be accomplished during marketing and electoral campaigns. If you can reach farmers during electoral campaigns; what impedes reaching the same farmers for NUIT registration?
Projects/Consultants	<ul style="list-style-type: none"> - There is an increasing frustration amongst agricultural practitioners as huge investment made is not yielding results. Agricultural technological frontier in moving down. Policy and institutional frameworks are not

	<p>conductive to agriculture development. Poor transport infrastructure does not connect agricultural markets.</p> <ul style="list-style-type: none"> - High turnover leadership further hampers agriculture development. - Communication strategy that will disseminate relevant messages and policies in place is welcome.
Who is prohibiting/ slowing down implementation of these reforms?	Indeed no one. The reform is in process of formalization. Perceived “delays” may be due to both the need to be cautious regarding the likely negative impacts that may arise, particularly the incidence of buyers “wrong doing/mal practice”. Both government and private sector support the immediate implementation of Buyer-issued receipt.
Which channel of communication would be most effective?	Radio, TV, Pamphlets and Banners during agricultural marketing season, Brochures on VAT and other tax issues.

KEY COMMUNICATION OBJECTIVES

Research findings and stakeholders ‘perceptions point out to the following communication objectives:

Key audience	Communication Objectives:
Government Central	<ul style="list-style-type: none"> - Accelerate approval of VAT legislation review formalizing the buyer-issued receipt and addressing other tax issues affecting the Agriculture industry.. - Disseminate application of buyer-issued receipt as well as all other agricultural tax information.
Government Provincial/Local	<ul style="list-style-type: none"> - Enhancing understanding of buyer-issued receipt impacts on broad economy and in particular on agriculture and smallholder farmers’ livelihoods. - Educate about the potential impact of facilitating trade with smallholder farmers through approval of invoices/receipts that may be issued by purchasing companies on behalf of smallholder farmers (suppliers) who are not registered taxpayers. - Play critical role in monitoring and enhancing accountability of implementation of buyer-issued receipt by buyers, to minimize incorrect practices.
Smallholder farmers and buyers	<ul style="list-style-type: none"> - Accelerate adoption by engaging, informing/advertising the advantages of buyer-issued receipt across smallholder farmers and buyers.

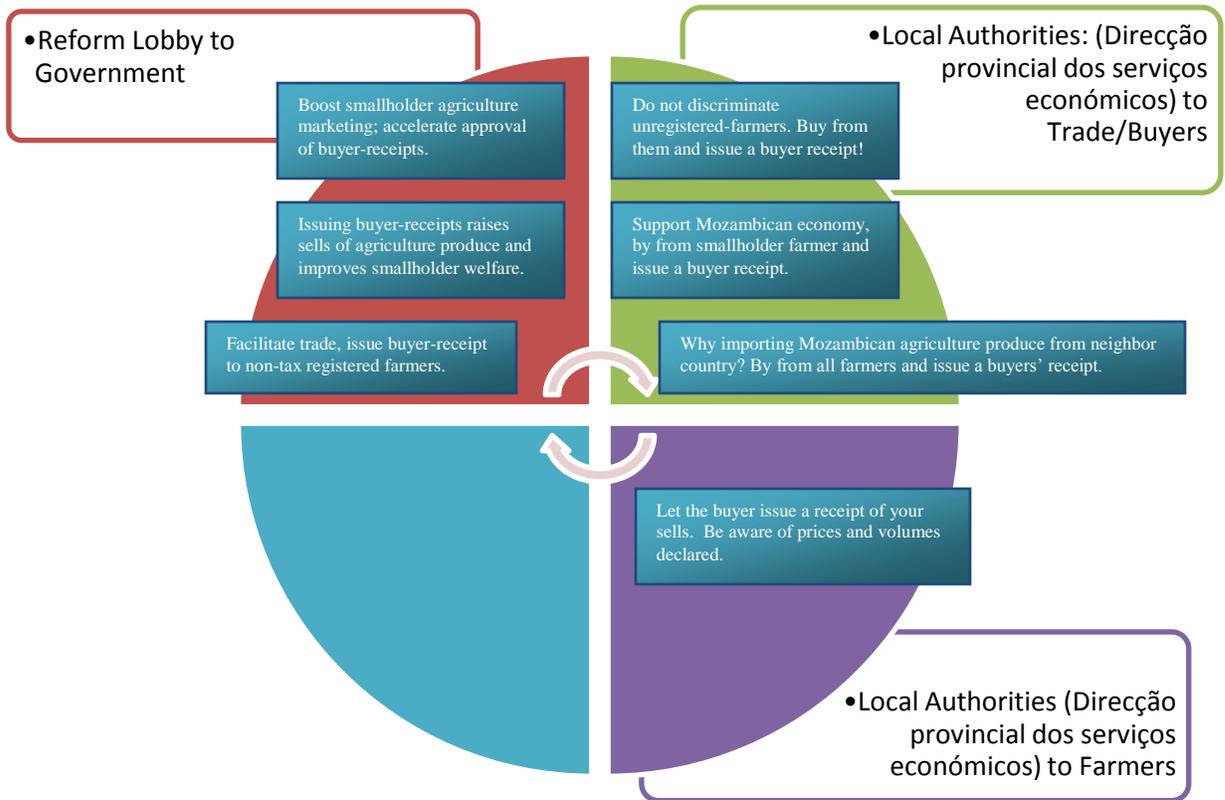
KEY MESSAGES

Key message platform:

From:	To:	Key Messages:
“Reform Lobby”	Government	<p>Boost smallholder agriculture marketing; accelerate approval of buyer-receipts.</p> <p>Issuing buyer-receipts raises sells of agriculture produce and improves smallholder welfare.</p> <p>Facilitate trade, issue buyer-receipt to non-tax registered farmers.</p>
Local Authorities: <i>Direcção provincial dos serviços económicos).</i>	Traders/Buyers	<p>Do not discriminate unregistered-farmers. Buy from them and issue a buyer receipt!</p> <p>Support Mozambican economy, by from smallholder farmer and issue a buyer receipt.</p> <p>Why importing Mozambican agriculture produce from neighbor country? By from all farmers and issue a buyers’ receipt.</p>
Local Authorities <i>(Direcção provincial dos serviços económicos)</i>	Farmers	<p>Let the buyer issue a receipt of your sells. Be aware of prices and volumes declared.</p>

MODEL

A graphical illustration of agriculture key messages to targeted audiences:



4: C4PC FOR NATURAL RESOURCE BOOM

Mozambique holds exceptional quantities of recently discovered natural resources. How this is handled today will define Mozambique's economy in the next 50 years. Natural resources do not automatically translate into national wealth.

OVERVIEW

Mozambique is set to become a world-class natural resource (gas and coal) exporter with projections indicating that it will experience rapid increases in windfall revenues over the next several decades and well beyond⁹. This development will affect people, public institutions and companies. Newspapers, TV, radio, conferences, and events feature the theme on an almost daily basis. Yet the matter is very complex and understanding of the scale and possible impacts of the 'resource boom' is only emerging. Current coverage remains at a very high level, few messengers have been able to translate the complex material in easy-to-understand stories and the lack of understanding further contributes to mis-understanding of potential and mis-interpretation of priorities.

Effective policy setting by government requires an educated and involved civil society. A more structured approach towards communication, awareness building and education among all layers of society, and specifically SMEs and Government is essential. The following analyses the sector, its challenges and presents some potential solutions. The analysis is largely based upon materials produced by SPEED (Mozambique's coming natural resource boom by Tyler Biggs and Note on Extractive industries by Antonio Franco).

The Resource Boom - A Framework to structure Communications

Context	<ul style="list-style-type: none">- Mozambique boasts exceptional recently discovered natural resources. Current figures list Mozambique as the 4th largest reserve for natural gas and one of the world's largest coal deposits. IMF expects that natural resources will account for approx. 50% of national GDP in 2020.¹⁰- few countries have managed to transform rapid finite wealth (natural resources) into broad economic growth and social development
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⁹ Mozambique's coming natural resource boom, Expectations, vulnerabilities and policies for successful management. Tyler Biggs, September 2012. Report commissioned by SPEED/CTA.

¹⁰ Mozambique's Coming Natural Resource Boom, Tyler Biggs

	<p>- Good economic and social performance is highly correlated to a country's institutional capacities</p> <p>- The stronger a country's institutional capacity, the higher the likelihood that captured revenue (from taxes and transactions in natural resources) is transformed in investment, jobs, economic diversification</p> <p>- Weak institutional capacities in countries with rapidly amassed finite resources are associated with poor economic growth, poverty persistency, loss of competitiveness in non-extractive tradable sectors, accelerated inflation and explosive corruption (eg Nigeria, Angola)</p> <p>- These combined effects – often referred to as ‘resource curse’ – cause countries to end-up with stagnant individual incomes, dubious economic and social prospects and often political instability</p>
Challenges	<ol style="list-style-type: none"> 1. Appreciating exchange rate and its impact on competitiveness 2. Country's limited institutional capacities 3. Potential for corruption 4. Urgent need for more transparency in governance to improve citizens knowledge if resource mobilization and use, limit corruption and contribute to improved budgeting processes
1. Exchange rate management and competitiveness	<p>Appreciating exchange rate will condemn tradable sectors:</p> <ul style="list-style-type: none"> • Smallholders struggling to sell as imports become cheaper • Industrialization can only happen through capital intensive investments • Job creation shrinks <p>Competitiveness effected (specifically in agriculture):</p> <ul style="list-style-type: none"> • Poor Business Environment • Lack of skills • Appreciating exchange rate <p>Poor competitiveness will result in:</p> <ul style="list-style-type: none"> • Poor supply linkages with extractive industries • Poor industrialization, poor export potential, translating again in few job opportunities and investment
2. Institutional capacities	<p>Worldbank Governance Indicator (scale of -2.5 (weak) to +2.5 (strong)). Mozambique (-0.55) is poor and deteriorated 40% over last 15 years. This shows that increased budget caused absorption capacity to decrease, turning Government less effective. Solution</p>

	<p>is not to increase budget only but to increase absorption capacity and government effectiveness (=stronger institutions and simplified bureaucratic procedures)</p> <p>Strong, efficient and effective institutions entail 4 factors:</p> <ul style="list-style-type: none"> • Human capital development: Broad education and health services build on the longer term human capital and affect economic and social change • Simplification and modernization of bureaucratic processes: creating better services, often increased pay and career paths for civil service to focus on policy • Transparency and accountability of civil service: impacts on good governance and institutional performance • Political will
<p>3. Transparency and Corruption</p>	<ul style="list-style-type: none"> - Mozambique scores bad on ‘corruption’, both in Worldbank Governance Indicator and in ‘Corruption Perception Index’ (#120 out of 182) - Transparency pivotal for success - Improves efficiency of decision making and policy implementation - High degrees of transparency impose pressure on institutions to perform (accountability, responsiveness) and make business environment more conducive for private sector development - Lack of transparency, combined with lack of political will and weak institutional systems fuel corruption - Increased resource mobilization can produce increased corruption, further destroying institutions, transparency, eroding growth and development
<p>Solutions</p>	<ol style="list-style-type: none"> 1. Simplify Business Environment (Doing Business) 2. Diversify economy: Construction, Services, Manufacturing, Agriculture and Tourism 3. Develop linkages to extractive industries 4. Build institutional capacities 5. Build EITI (Extractive Industries Transparency Initiative) 6. Create Sovereign Wealth Fund

COMMUNICATION FRAMEWORK

STAKEHOLDER ANALYSIS

Review of literature/recent media coverage and feedback from interviews indicate the following perceptions/opinions around the ‘Resource Boom’:

Stakeholder:	Perceptions:
Government	<ul style="list-style-type: none"> - Possible impacts (positive and negative) of the resource boom on the country and need to take action NOW not sufficiently internalized - Insufficient understanding of terminology commonly used to describe economic impacts of the ‘resource boom’ (eg ‘Dutch disease’, ‘resource trap’, ‘sovereign wealth fund’, ‘resource boom’, ‘resource curse’ etc.) - Not sufficient understanding of relationships between resource sector and the rest of the economy - Scale of corruption and importance given to this factor as an impedent for the business environment not sufficiently internalized in GoM
SMEs	<ul style="list-style-type: none"> - Many international firms do not make sufficient effort to procure goods/services from local firms - The overall market opportunity for combined goods/services from the sector is not known, making it difficult to plan for and invest in future delivery - It is difficult to comply with procurement procedures for the large international firms (registration, required formats for proposals, required financial capacity) - Government is not doing enough to ensure local SMEs are benefiting enough from the ‘resource boom’
Large Corporates/investors	<ul style="list-style-type: none"> - Government is not ready to deal with large investments coming into the country
Civil society	<ul style="list-style-type: none"> - Perception that Government is slow in setting policies re the sector and Mozambique is loosing out - Perception that many multi-nationals do not truly have an interest in development of Mozambique and are here only for the short-run - Perception that politicians are scrambling for their share of the ‘resource-pie’ and this effects/slows down policy setting process. - Little understanding of the complexities of the sector and inter-relationships between Natural Resource Boom, macro-economy and other sectors of the economy. - Many terminology that frequently appears in media have little meaning to majority of civil society (eg terms as ‘Dutch Disease’,

COMMUNICATION FRAMEWORK AND MESSAGES

<p>'Resource Boom'</p>	<p>Mozambique's 'Resource Boom' represents previously unknown economic opportunity but at the same time can be a real threat for political stability and economic prosperity. Transformation of this opportunity into national wealth largely depends on Mozambique's ability to strengthen its institutions, increase transparency in resource allocation and overcome corruption and its ability to continuously grow and develop other sectors of the economy parallel to the natural resource sector.</p> <p>Key reforms in this sector are the EITI (Extractive Industries Transparency Initiative) and the establishment of a Sovereign Wealth Fund.</p>
<p>What are the proposed reforms</p>	<p>1. Establishment of Mozambique as a Member of The Extractive Industries Transparency Initiative (EITI)</p> <p>The Extractive Industries Transparency Initiative (EITI) aims at increasing transparency over payments by companies from the oil and mining industries to governments and to government-linked entities, as well as transparency over revenues by those host country governments. Mozambique became in October 2012 EITI compliant. EITI compliance means that the country has an effective process for annual disclosure and reconciliation of all revenues from its extractive sector. This allows citizens to see how much their country receives from oil, gas and mining companies¹¹.</p> <p>2. Establishment of a Sovereign Wealth Fund (SWF)</p> <p>A Sovereign Wealth Fund (SWF) safeguards revenues coming NOW from the extractive industries for future generations. It basically keeps money directly received from large extractive companies outside of the economy and uses these funds for investments inside and outside the country. This will safeguard the country from inefficiencies in spending now and keeps investment funds available for when the (finite) resources are not there anymore. It also helps stabilizing exchange rates and inflation by putting the money at work outside of Mozambique.</p>
<p>How will these affect business</p>	<p>The EITI will promote transparency and avoid miss-use (both for individual gains as government inefficient spending).</p>

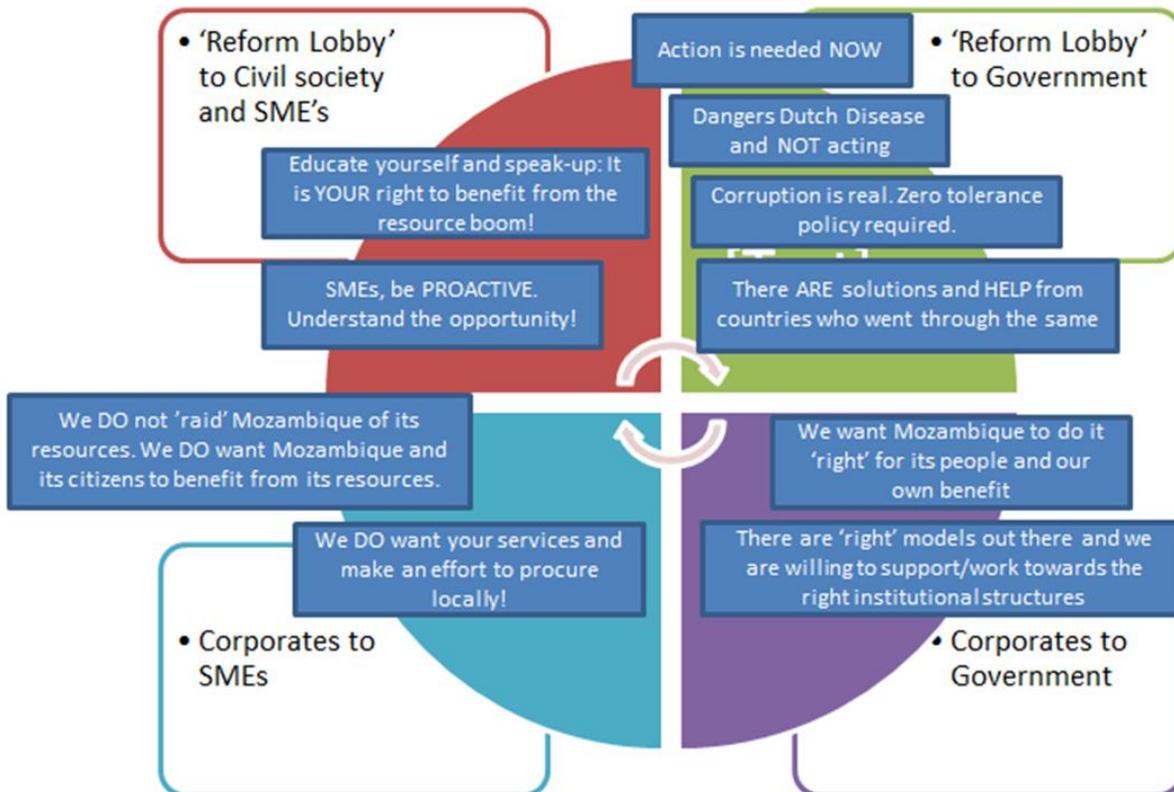
¹¹ See <http://eiti.org/news-events/mozambique-declared-eiti-compliant#>

environment	The SWF will have both immediate and longer-term benefits. On the short-term it will help stabilizing exchange rate and inflation. On the longer-term it will ensure funds are safeguarded outside of the economy for future use.
Who are critical in passing the reform	MOF, Ministerio de Recursos Naturais, National Petroleum Institute, Gabinete do PM, President
What is prohibiting reform	<p>SWF: concept is difficult to understand and life-span of politicians is much shorter than the expected lifetime of the SWF. As limited benefits are expected to come out of the SWF within the active periods of current politicians, little attribution of 'success' of an SWF is expected to go towards current politicians. It is more likely that they consider the negative impacts of such a fund on their political careers (eg perceptions that money is shifted away from the needy and poor). Also not sufficient understanding of the immediate effects of the SWF (inflation control).</p> <p>EITI Mozambique got accredited in late 2012 as EITI compliant. Permanent accreditation depends on an audit scheduled for 2017. So far, no signs yet that Mozambique will lose this accreditation but standards for reporting are high and in the past other African countries have lost their accreditation.</p>
Who might oppose to reform	<p>SWF: Various levels of Government/Politicians, they are rather seen to be spending the money now for the benefit of poor population.</p> <p>Communities/civil society: they also are might rather see spending and benefits happening now then for future generations, specifically in the context of extreme poverty in the country..</p> <p>EITI: Various levels of Government/Politicians, transparency might reveal inefficient spending and provide unwanted insights in internal decision making and fund allocation process.</p>
Key messages:	
To Government	<p>There are real dangers of NOT UNDERSTANDING and NOT ACTING Understand the relationships and dangers of failing to understand/act:</p> <ul style="list-style-type: none"> - Importance diversification of the economy - Dangers of reliance on natural resources only - Importance specifically now for institutional strengthening - Relationships between diversification of economy on job creation, poverty, unrests (riots!) criminality - Relationship between health and education on availability of human resources and longer term institutional capacity/SME capacity
	<p>Corruption is real. Leadership from highest level required to stop. Zero tolerance policy. Corruption is big in Mozambique and current resource boom makes situation more vulnerable. Zero acceptance attitude required, leadership from the top, understanding how corruption destroys the economy and stimulates poverty</p>

	Time IS a factor. Donor funds are drying up, specifically with increasing resource revenues. NOW is the time to build institutions, educate young people, invest in other sectors of the economy. TOMORROW is TOO late and Mozambique may fall into the 'resource trap'.
	There ARE solutions. Government is not 'passively' undergoing the 'Resource Boom'. The resource boom can be positive IF the right mechanisms are implemented. Understand and work on these solutions!
	There is help. Many countries have gone through the same thing. Look at the 'good' but also at the 'bad' cases and make sure Mozambique is not making the same mistakes. Be open to understand, reach out for help and be recipient for help!
To civil society	Educate yourself and speak-up! Now even more important to understand the challenges and dynamics facing the country and that it is NOW time to act. It is right of every citizen to benefit from the country's natural resources and their duty to influence GoM to do the right thing for their citizens!
SMEs	Be Proactive: It is also YOUR responsibility to reach-out and understand the opportunities. Educate yourself, invest, liaise with large corporates. Many DO want to work with local SMEs. Pressure GoM: we DO need reforms, we DO want a less bureaucratic business environment, we do want simplified tax regimes etc. This DOES impact on our performance and our ability to grow and create jobs and pay taxes.
To academics/media /researchers	Repeat and simplify the messages: Once is not enough. Government, SMEs, large corporate do need to hear these facts. These matters are complicated. Make an effort to translate (many press/report require a PhD in economics to make sense of the materials..). Civil society also need to understand these messages.
To large companies in resource sectors	Pressure GoM to do it right, it in your own benefit. If you are here for the long run, be sure things are done the right way. Share, educate along the way and bring best practices. If done right, Mozambique will prosper, bringing you a brighter future free from social unrests, corruption.
Foreign experts, countries who have gone through this	Share! The more Mozambique can learn from best and poor practices the better. We must not only listen to the 'good' (e.g. Norway) but specifically to those countries where things didn't go quite right (e.g. Nigeria).

MODEL

Figure 3: message platform for natural resource boom



5: OVERALL RECOMMENDATIONS TO STRENGTHEN REFORM

COMMUNICATIONS

Lastly, this report proposes some generic recommendations that could benefit to impact of ongoing efforts of SPEED and its partners (e.g. CTA):

Overall recommendations for the use of communications to support reforms:

No single strategy exists for effective use of communications to influence policy decisions.

- **Effective communications will use a mix of the following strategies/engagement tactics:**
 - o **Lobbying** - For sensitive matters careful ‘lobbying’ is required with Government. Individuals to engage here are unlikely to want to be named in this capacity and it will involve quiet diplomacy to ‘recruit’ and support individuals willing to undertake this role. Lobbying is e.g. required to push for the move of the reform agenda from MIC to e.g. prime-minister’s office.
 - o **Celebrating success** – It is not advisable to only critique Government for what it not does. Also some positive engagement is required to create an ambiance where individuals that have been instrumental in realized reforms are praised and recognized for their efforts and motivated to continue. A public ‘celebrating success’ attitude of central government will also set example for lower and provincial government that ‘change is good’ and that will hopefully support behaviour change in support/implementation of reforms. Reforms that deserve some ‘celebration’ are e.g. under ‘starting a business’ (simplified licensing scheme), trading across borders (janela unica) and reductions in dealing with construction permits.
 - o **Internal communication in GoM** – Communication between ministries and between levels of government in Mozambique is weak. Just passing reforms does not make them happening. Continuous support/focus on implementation is needed and reform campaigns (training, awareness) in support of implementation should be rolled-out for all affected government agencies/departments.

Increased efforts on working with media/press:

- **Work with media:** Reform and resource economy are complicated themes. It is essential that media keep on covering these themes to increase understanding of civil society. Detail and repetition are essential.
- **More attention on working with press:** It is noted that many efforts supported by SPEED/CTA little structured engagement with press is undertaken. You risk that media attending the events walk away with the wrong messages. It is recommended that for all

major events/report launches eg a 'press release' is developed that clearly states main messages. Most journalists will value the time saving this will offer and are still likely to do their own reporting in eg economic caterns to go deeper in the material. Also structured 'press' briefings and/or opportunities to interview key players (such as consultants, or spokespersons representing Mozambican businesses) could be set-up. To implement this recommendation SPEED could consider either hiring a Communication Official or contracting a Press Agency.

- **Consider motivating journalists/writers to increase writing on the topics:** E.g SPEED could support 'awards' for best-economic journalism on 'Resource Boom' or publish a book and request (paid) contributions from local writers etc. There is also a need to write at levels accessible for broader population. Current writing tends to be terminology-intense and requires sound understanding of economic principles.

Identify 'champions of change':

- **Identify and support key spokespersons/champions of change:** Identify a few influential figures that could lobby for policy change at most senior levels Support these people with research/access to information sources and media training so they are more confident to speak in public. Key 'champions of change' should be found among established business/political leaders but also among SMEs/young upcoming entrepreneurs (eg members of Associacao de Empresarios Jovens, Mulheres Empredadoras etc and individual entrepreneurs willing to stand-up and voice concerns). These 'champions' can then be used to support messages in press (eg by 'quotes' in press releases) to speak at events and seminar and to be used in multi-media campaigns (eg interviews for local TV, radio etc). It is not advisable to publish names of prospective or candidate 'champions' as this might negatively impact on their credibility.
- **Breed 'cadre' of influential people:** people who are prepared to speak at seminars, be quoted in press etc. Support these with materials, face-to-face time with experts, trips to other countries. Give them media training to best communicate etc.
- **Targeted events:** Once the 'champions' have been identified, organize regular events to ensure they empowered and have the necessary understanding of key principles and required reforms to effectively undertake their roles. . Three types of events will be organized to further explain/talk/educate about policy options underlying each of the key Resource Boom messages. These events can take the form of *Breakfast Meetings* (target audience 30) with Senior Government officials, private sector, opinion leaders and academics. In addition, selected *Group Debates* will be organized to facilitate breeding "care" of influential people to further disseminate/speak about the policy reform/action messages.

Make the Business Environment more accessible and introduce some elements of fun:

- **Introduce an element of ‘fun’ and competition in the Business Environment and reform space:** Some of the Business Environment events are very formal and very similar in set-up, audience etc. Consider supporting some innovative initiatives (eg ‘Edil Emprededor’ from Soico/Young Entrepreneurs Association, a competition among municipalities that elects best service providers to SMEs) that introduce some elements of fun and competition in the environment. This can stimulate younger Mozambicans and non-traditional layers of government to get involved. Consider ‘award’ programs for e.g. accessible journalism in the resource boom sector. Also think about creative ways to more engage young entrepreneurs and SMEs in the process.
- **Online presence.** ‘Reform’ is not a topic featuring in Mozambique’s interactive media more dedicated to young and future leaders. Consider development and management of on-line presence (eg using facebook or chat rooms at existing media sits) to communicate and solicit comments and feedback on proposed key reforms.

Localize research and bring as many relevant voices in communication:

- **‘Localize’ research/reporting on Business Environment:** Stimulate local analysis of Doing Business and other international instruments. Consider initiating/supporting eg local competition on economic journalism and/or research/papers on specific relevant topics. Main Private Sector Conferences could be podia for such prize events and prizes could include prize money or a trip to a major economic international conference. Also support of ongoing research/intelligence on localized business environment could be considered (eg KPMG’s Indice de Ambiente de Negocios)
- **Give SMEs a voice:** Let the messages come more from the ‘affected’ parties, the SMEs that struggle with the bureaucratic procedures and lack of business caused by institutional failing. Seek how a few influential figures can be supported with media training, exposure, opportunities to face-to-face time with experts, exposure trips etc. Quote these people in press releases, let them speak at seminar, stimulate (or co-write) them to write articles.

Increasing awareness and understanding in Government essential for both policy advocacy and reform adoption phases:

- **Support campaigns to roll-out policy change in Government:** Consider supporting implementation of approved reforms with focus on internal implementation (within affected ministries). This could involve training of lower level officials, development training materials, manuals, communication materials to explain changes and how this will affect their work and their role in communication change to customers (SMEs)

- **Implement ‘Master Class’ solely focused on Government to promote advocacy and understanding of complex economic themes:** Mozambique’s economy is rapidly evolving. Officials in many ministries (specifically planning, finance, agriculture, natural resources, industry and commerce, tourism) need to have an all-round understanding of the complexities and challenges facing the national economy. Exposure has not been sufficient and perhaps many feel not comfortable asking questions or even showing-up at events targeted at civil society about these themes. In addition, many of these events are heavily attended by press, even further discouraging their participation or their ability to ask questions and actively engage. SPEED could consider organizing events solely targeted at public officials or even make this a regularly occurring event (eg every second Wednesday of the month or something) in a ‘Master Class’ setting or similar. Best to require some commitment/effort from participants and consider issuing some type of certification/recognition.

Be careful to associate certain reforms with specific donors/programs:

- **Be careful in use of donor/program logo’s and names in reform communications:** Whereas many donors have policies in place on the use of logos and recognition of donors and other parties in all printed/public outputs, care should be taken when using these in reform oriented materials. Risk exist that the actual reform message gets ‘painted’ by associations with the donor (positive or negative) that have nothing to do with the actual message, attention is derived from the actual message and/or perceived to be ‘pushed’ by the donor and not seen as a valid argument by itself.
- **Use ‘international expertise’ with caution:** Donor supported reform programs should be aware that ‘international best-practice’ is not always perceived to be relevant for Mozambique and can be easily critiqued. When using ‘international best-practices’ and similar reference materials, be careful to use ‘local’ voices to bring the arguments wherever possible (e.g. local academics, analysts, consultants) or in the case of ‘case-studies’ have the affected countries speak (e.g. Rwanda officials rather than the international analysts), that GoM can better relate to. This will help acceptance and ‘internalize’ the arguments.

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ANNEX A – METHODOLOGY AND INTERVIEWS

This report is based on a 20-day consultancy executed in March- March 2013, focusing on the following:

- Review of SPEED outputs: detailed analysis of SPEED reports and deliverables, specifically from a communications angle
- Participation in key events: during the period of the consultancy (various national and SPEED events and seminars, such as CASP and technical events organized by SPEED on Janela Unica, Agriculture and Resource Boom were attended)
- Interviews with SPEED staff (all technical and critical support staff from SPEED were interviewed)
- Interviews with selected other stakeholders (other donors, a few SMEs, Associations, Financial Institutes and analysts were interviewed)
- Review of media in Mozambique (observation of newspapers, websites, TV stations and analysis of relevant analysis on the matter, interviews with few media and people familiar with national media)

It should be noted that this exercise took place in a very limited timeframe with limited resources and is primarily based on analysis of secondary sources (literature and interviews with people working in the ‘reform space’).

People interviewed include:

Nelson Guilaze – Senior Policy Analyst USIAD

Luis Siteo - Trade and Economic Policy Advisor to the Minister of Agriculture

Antonio Franco – SPEED Program

Benjamin Nandja – SPEED Program

Brigit Helms - SPEED Program

Horacio Morgado - SPEED Program

Tomas Manhicane Jr.- SPEED Program

Hipolito Hamla, CTA

Kekobad Patl, CTA

Marcello Mosse, CTA

Jose Durao Gama, Sal & Caldira

Flavio Quembo – Associacao Nacional de Empresarios Jovens

Various staff members – Grupo Soico/STV

Natividade Bule – Associação de Mulheres Empresárias

Luis Magaco and Amancia Messa – IOD

Wigle Vondeling and Danilo – Banco Terra

Paulo Mole - KPMG

Joao Viseu – TechnoServe

Rafael Uaene - Michigan State University

Rui Benfica -Michigan State University

Chissico – União Nacional dos Camponeses

Raimundo Matule, Ministry of Agriculture

Brief interviews with SMEs at events

ANNEX B - A BRIEF ANALYSIS OF MOZAMBIQUE'S BUSINESS

ENVIRONMENT

Mozambique's business enabling environment is weak. Mozambique ranks at the bottom end of all major international rankings such as World Bank's Doing Business (at #146 out of 185), Global Competitiveness Index (at #138 out of 144) and Transparency International Corruption Index (at #123 out of 174), with its position having declined over recent years in all. These results are even worse against the significant efforts the GoM has put in recently to improve the Business Environment. Over 80% of targets of the 2008-2012 EMAN were realized, but unfortunately this has so far not translated in measurable improvements.

CTA has identified and lobbies for a series of reform across all sectors of the economy.

CTA is Mozambique's Confederation of Business Associations that unites 70 members such as Federations, Associations and representative Chambers of Commerce across the entire country and across all sectors of the economy. It represents Mozambique's Private Sector in dialogue with the Government and aims to stimulate a favourable business environment for its members by influencing business policies and to promote the competitiveness of Mozambican businesses. CTA is a key partner of SPEED and many joint activities have been undertaken in the last two years. SPEED also funds some of the key senior staff of CTA.

SPEED is a USAID funded program that aims to improve business environment through better trade and investment policies. SPEED works in partnership with local Business Associations, specifically with the National Association for Business Associations (CTA). SPEED promotes policy messages in three areas 1) cross cutting issues related to the macro-economy and business environment, 2) sectorial competitiveness challenges with an emphasis on agriculture and tourism; and 3) governance and transparency.

So far, initial results of SPEED and feedback from key stakeholders have been positive. SPEED is perceived to be a result oriented and relevant project. '*SPEED is fast and result oriented. SPEED listens to its stakeholders, reacts to requests and delivers where there is a need*'.

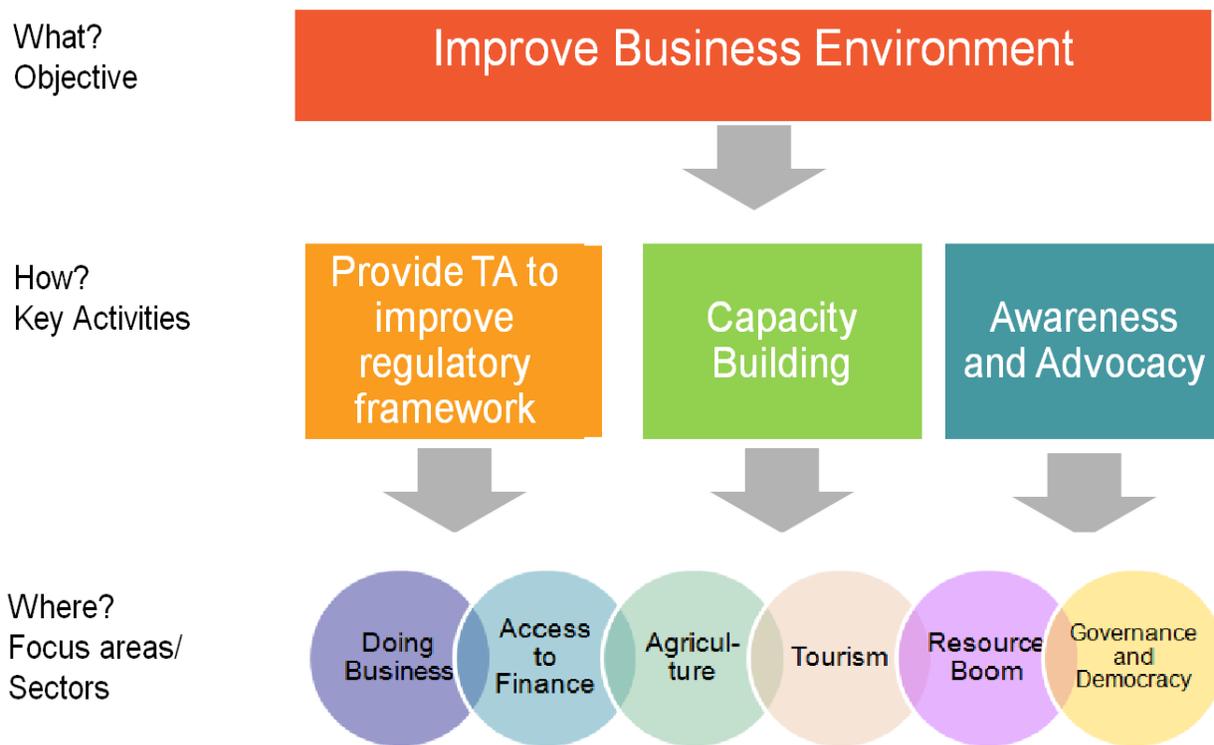
SPEED future work now needs to be shifted towards making the actual reforms happening. Therefore a more systematic approach towards communication is required to more broadly back-up its research and recommendations, broaden understanding of issues and solutions among key stakeholders and influence decision makers to actually make things happening.

THE SPEED PROGRAM

The SPEED program is demand driven and can support a variety of activities that broadly relate to Mozambique's business environment. Activities can be proposed by business associations and government entities. The SPEED program by its very design is flexible in its approach but it has

set some broad focus areas in the delivery of its program. SPEED delivers technical assistance, institutional strengthening and awareness building/advocacy in five focus areas:

Focus area	Examples of work undertaken:
Business Environment	<ul style="list-style-type: none"> • Work with MIC to improve ranking Mozambique in Doing Business • Specifically identify and work on ‘quick-wins’ or reform that substantially improve ranking such as construction permits, taxes, trade • Support CTA and MIC to develop new strategy to address business environment (EMAN) • Press for centralized business environment reform unit in President’s or Prime Minister’s Office
Resource Boom	<ul style="list-style-type: none"> • Raise key issues and incite debate • Make recommendations about Sovereign Wealth Funds
Agriculture	<ul style="list-style-type: none"> • Institutional support Ministry of Agriculture through Senior Advisor based in Ministry • Promote new macro initiatives such as under the ‘New Alliance’ reforms • Work directly on business environment issues such as taxes
Tourism	<ul style="list-style-type: none"> • Support to make the case for liberalization of air travel (‘open sky’ policy) • Support institutional structures to allow tourism investment in Northern Mozambique (Arco Norte Tourism Development Corporation) • Develop and disseminate guideline on how to best secure tourism investment in protected areas (concessioning policy)
Governance and Democracy	<ul style="list-style-type: none"> • Support to CTA to develop the public participation in policy law • Updated ACIS guide on land use applications for rural areas • Provided grant to Institute of Directors to develop and roll-out a Corporate Code of Ethics • Support publication of a book on the Public Probity Law



Typically all outputs of the SPEED Program are public and are published on the program’s website (<http://www.speed-program.com/>). SPEED promotes advocacy on the topics it supports and often hosts public seminars. SPEED staff also actively contribute to public debate through their participation in events (own events and other events) and through the regular publication of ‘blogs’ on relevant topics (<http://www.speed-program.com/blogs>).

KEY MESSAGES

SPEED started structuring its approach towards communications at its 2012 annual retreat in late 2012. The extended SPEED team and key stakeholders participated in a detailed discussion on how to improve the collective communication efforts to more efficiently influence decision making and policy change.

This resulted in the following key communication objectives/messages:

Impact area	Key objectives/messages:
Business Environment	<p>Objective: Improve the Doing Business ranking by DB2015 with 50 places OR Mozambique ranks in DB2015 at 100</p> <p><i>Key message: Mozambique has already identified quick wins to improve ranking in DB. These are easy to implement and all</i></p>

	<p><i>stakeholders are on board to support.</i></p>
	<p>Objective: Increase access to finance for specifically SMEs</p> <p><i>Key message: Low cost capital and long-term maturities are required.</i></p>
Tourism	<p>Objective: Mozambique must get real competition into the air travel sector to improve its competitiveness as a destination</p> <p><i>Key message: No tourism industry without competition to LAM.</i></p>
Agriculture	<p>Objective: Reduce fiscal and non-fiscal barriers to agriculture.</p> <p><i>Key message: Agriculture continues to employ the vast majority of the country's workforce. Strategies must be in place to promote investment and support smallholder farmers.</i></p>
Macro/Resource Boom	<p>Objectives: a) Promote strong linkages between Mozambican SMEs and the extractive industry; and b) Promote sound management of forthcoming revenues from the extractive industry.</p> <p><i>Key messages: a) Mozambique needs to develop key industries to supply extractives; b) While developing investment capacity, accumulate resources in a Sovereign Wealth Fund (SWF).</i></p>
Transparency	<p>Objective: Promote open full access to all public procurement and licensing processes.</p> <p><i>Key message: Transparent procurement services open up the economy to more Mozambican SMEs and create more wealth to more Mozambicans.</i></p>